



Kansas Health Policy Authority

MARCIA J. NIELSEN, PhD, MPH
Executive Director

ANDREW ALLISON, PhD
Deputy Director

Approved: November 1, 2006

Minutes – KHPAB Meeting of October 17, 2006

Board Members Absent:

- Ned Holland
- Joe Tilghman

All Remaining Board Members Present

Board Staff Present:

- Dr. Marcia Nielsen, Executive Director
- Dr. Andrew Allison, Deputy Director

Legal Counsel Present:

- H. Philip Elwood

Guests Present:

- Carol Foreman, Deputy Secretary, Dept of Administration, who attended the Executive Session portion of meeting in the absence of Duane Goossen.

Call to Order – Welcome – by Connie Hubbell, Chair

Chair Hubbell called the meeting to order, welcomed the Board members and guests, and reviewed the agenda. An introduction of each Board member was provided.

Approval of September 19, 2006 KHPA Board Meeting Minutes. The minutes from the September Board meeting were reviewed (handout) by the members.

ACTION: A motion was made, seconded and passed to approve these minutes effective this date.

Pittsburg Town Hall Meeting. The next Authority Town Hall meeting is scheduled for Tuesday, November 21, 2006, from 4:00 pm to 6:00 pm at the Pittsburg Memorial Hall in Pittsburg, Kansas. Chair Hubbell asked for additional Board members to attend if their schedules allow.

KHPA Board Retreat Date Confirmed. The Board members will hold a Retreat on January 22 and 23, 2007, at the Eldridge Hotel in Lawrence, Kansas. Further details will be provided at a future date.

Announcements by Dr. Marci Nielsen, Executive Director

New Staff to KHPA. Dr. Nielsen introduced the agency's new State Employee Benefits Director and the General Counsel to the group. LJ Frederickson joined KHPA as the Director of the State Employee Health Plan and Purchasing on October 9, 2006; and Marta Linenberger became the agency's General Counsel effective October 2, 2006.

Agency Website: www.khpa.ks.gov

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Medicaid and HealthWave:

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State Employee Health Benefits and Plan Purchasing:

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New Chief Financial Officer. Dr. Nielsen announced that Scott Brunner, formerly the Director of Medicaid and HealthWave, was recently appointed to Chief Financial Officer for the agency, effective October 16, 2006, and that Dr. Andrew Allison will become Acting Director of Medicaid and HealthWave during the interim.

Review of Legislative Testimony. Dr. Nielsen reviewed copies of testimony (handout) which had been provided to the Joint Committee on Health Policy Oversight on October 16, 2006. There were three separate testimonies presented: Chair Hubbell testified on the KHPA vision and long-term goals; Dr. Nielsen updated the legislators on the Digital Healthcare and the Managed Care contracts with the agency; and Karen Braman testified on the Community Health Record (CHR) and the ePrescribing project. There was also testimony provided from outside agencies on pricing transparency and specialty hospitals. Dr. Nielsen felt that overall the hearings went very well and that a broad overview of the Board's activities had been provided to the legislative committee.

The review of the legislative testimony was followed by brief comments by Commissioner Sandy Praeger, relating to Dr. Nielsen's testimony on the status of the new Managed Care contracts to become effective January 1, 2007. Commissioner Praeger expressed concerns to the Board on whether or not the new contractors will be able to provide sufficient network of providers by January 1st; she requested that time be allowed during the course of today's meeting to discuss timeframes of the new contract, target number of network providers, etc. Dr. Nielsen added that, during the legislative hearing on October 16, 2006, the legislative committee members asked for clarification on the role of the KHPA Board during the RFP process and that Chair Hubbell and Counsellor Elwood plan to discuss and obtain further clarification around this issue.

Review of Budget and Performance Summaries

Scott Brunner, CFO, reviewed the following reports (handouts) with the Board members:

1. KHPA FY 2007 Expenditure Report through September 2006.
2. KHPA Submitted Budget (outlining FY 2007 Approved/Revised, FY 2007 Revised with Supplemental Requests; and FY 2008 Submitted with Enhancement Request)
3. Performance Summaries for Medicaid/HealthWave programs for FY 2006 showing Expenditures by Population Group, Beneficiaries by Population Group, and Expenditure per Beneficiary per Month by Population Group.

He advised that plans are being made to further revise these documents to reflect additional fiscal years' expenditures and that performance summaries for the State Employee Health Benefits and Plan Purchasing (SEHBP) will be available at the November Board meeting. There was a lengthy discussion held on the need for these reports to reflect historical data, to include multi-month analysis, and to incorporate overall strategies and goals. Chair Hubbell added that budget details on the recommended expansion of additional programs for KHPA will need to be included in these documents as well. The KHPA Finance Committee will meet on November 8, 2006, and further refinements to these documents will be discussed by the Finance Committee. Mr. Brunner closed by stating that copies of the agency's budget narrative would be available for the Board members at the close of today's meeting and that additional budget information could be located on the Authority's website at www.khpa.ks.gov.

Review/Approval of Draft Vision Principles, Draft Health Indicators, Advisory Councils

Draft Vision Principles. Dr. Nielsen reviewed the revised draft Vision Principles (handout) with the group. This document had initially been reviewed by this group at the September Board meeting; and a number of revisions had been suggested at that time. Dr. Nielsen had agreed to revise the Vision Principles and bring back to today's meeting for final review and board approval. The six approved Vision Principles are: Access to Care, Quality and Efficiency in Health Care, Affordable and Sustainable Health Care, Promoting Health and Wellness, Stewardship, Education and Engagement of the Public. Upon further review of this revised draft document, the Board requested that minor edits be made and that a final copy be distributed to the members along with today's meeting minutes.

ACTION: A motion was made, seconded and passed to approve the Vision Principles, conditional upon the suggested edits being made on the final approved copy. A copy of the final approved Vision Principles will be distributed along with the minutes from today's meeting.

Draft Health Indicators. Dr. Nielsen distributed copies of draft Health Indicators (handout) for the Board's review and discussion. She advised that a final approved list of Health Indicators will be one of several

documents presented to the 2007 legislature, to comply with the statutory requirement of the legislation which created the Authority. Dr. Nielsen added that the requested data identified under each Principle in this draft document are all currently being compiled and that closer review is needed to identify those areas of health care and health policy which are not currently being tracked, that the Board will need to prioritize this list, determine which measurements to include, and then revise this list for final approval. A suggestion was made to develop an Indicators Subcommittee, so that those members could meet to review and screen this list and then bring back a prioritized list of Indicators for the full Board's review and approval at the December Board meeting.

ACTION: Members who volunteered for the Indicators Subcommittee were: Acting Secretary Greenlee, Secretary Bremby/staff, Arneatha Martin, Dr. Mills, Secretary Daniels/staff, along with Dr. Nielsen and Dr. Allison. This group will meet in November and will bring back a revised Health Indicators list to the December Board meeting for approval.

Advisory Councils. Dr. Nielsen distributed a proposal to create three Advisory Councils for KHPA for the purpose of assisting with development of a statewide health policy agenda, with a focus on the vision and goals of the Authority. These three Councils would include a Consumer Reform Council, Provider Reform Council and Purchaser Reform Council. This proposal also identified the selection of membership as well as the purpose for each of the councils. It was suggested to delete the reference to "Reform" and instead refer to these entities as "Councils". Dr. Nielsen advised that her intent was to have necessary approvals and processes in place so that these members could begin their work with the Authority beginning January 2007.

ACTION: Dr. Nielsen asked the Board members to review this information over the next month, so that these lists can be reviewed again at the November meeting, for final approval at the December Board meeting.

Executive Session

Chair Hubbell called for motion for the Board members to go into Executive Session, for the purpose of consulting with legal counsel.

ACTION: A motion was made, seconded, and passed to go into Executive Session. At 1:15 p.m., Chair Hubbell reconvened the public meeting.

Report by Dr. Andrew Allison

Update on Managed Care Transition. Dr. Allison provided a brief description of documents currently posted to the Authority website (www.khpa.ks.gov) related to the Managed Care Contract Transition. He also distributed copies (handout) of the MCO Transition Timeline which outlines key dates and mailings which will occur related to the contract transition.

Disproportionate Share Hospitals (DSH). Dr. Allison advised the Board members on recent developments related to DSH.

- KHPA staff have initiated a review of DSH payments and methodology that could result in reforms of this component of hospital reimbursement.
- Federal government has a long history of policy interest in DSH payments due to the potential for DSH programs to alter the effective match rate for Medicaid services.
- Many states make supplemental payments to Medicaid hospitals.
- DSH spending is limited in a number of ways by the Federal government.
- DSH is subject to match just as are other Medicaid service payments, i.e. 60% federal match; 40% state share.
- Kansas ranks 26th in the share of Medicaid payments comprised by DSH.
- Concerns have been raised by the Kansas Hospital Association and other interested parties have been expressed; considering different payment mechanism for DSH.
- DSH payments in Kansas are fairly concentrated among hospitals and can fluctuate significantly from year to year for any given hospital.
- Have met with hospitals once already and are asking providers for recommendations on reforming payment mechanism.
- Will discuss potential DSH payment reforms at a December meeting with hospitals.
- A State Plan Amendment will be needed to accomplish any amendment to the current language related

to DSH payments.

- Staff will approach the Board for policy guidance on DSH payment reforms early in 2007.

Update on CMS and OIG Audits and Deferrals. Dr. Allison reported that progress continues to be made to the resolution of a number of CMS and OIG (Office of Inspector General) audits and deferrals. Regular meetings are being held between CMS key staff, staff from the agencies impacted by CMS' actions, Dr. Nielsen, and Dr. Allison. Additionally, as was announced at last month's Board meeting, Dr. Barb Langner has recently been hired by KHPA as Project Manager to facilitate the on-going communication and activities related to these issues.

Presentation by Marta Fisher Linenberger, General Counsel

Overview of KHPA Regulatory Process. Ms. Linenberger explained the Regulation Process flowchart which had been distributed to the members (handout); this flowchart outlined the steps taken from the time a proposed regulation change is made, when publication is made in the Kansas Register, through the Public Comment period, and finally when the proposal is ready for review by the KHPAB Executive Committee. Once the Executive Committee has reviewed the changes and has made recommendation to the full Board, then the regulation is officially adopted by way of individual roll call vote by the voting Board members.

Prior Authorization (PA) Process and Preferred Drug List (PDL) Process. Ms. Linenberger also distributed summaries of the Prior Authorization Process and the Preferred Drug List (PDL) Process (handouts).

Board Adoption of Proposed Regulations

Chair Hubbell reported that the KHPAB Executive Committee had previously met to review the proposed regulations of KAR 129-5-1, KAR 129-5-108, and KAR 30-5-108; the Executive Committee recommended the full Board's adoption of these proposed regulations. There had been no public comments received on any of these proposed regulations.

ACTION: Chair Hubbell requested an individual roll call vote from each voting Board member on the following proposed regulations: KAR 129-5-1, KAR 129-5-108, KAR 30-5-108. An affirmative vote from each voting Board member was provided, with two voting members absent.

ACTION: A motion was made, seconded, and passed to adopt the aforementioned regulations.

Public Comment

There were two presentations provided at this time.

- Shannon Jones, Executive Director, Statewide Independent living Council of Kansas (SILCK) – Rebalancing Kansas' Long-Term Care System.
- Ira Stamm, PhD, ABPP – The State of Kansas and For Profit Managed Care

Next Meeting

The next KHPA Board meeting is scheduled for Tuesday, November 14, 2006, 8:30 to 3:30 at the Landon Building, Room #106, 900 SW Jackson, 1st Floor, Topeka KS.

Next Steps - Agenda Items for November 14, 2006 Board meeting

- Report from Health Indicators Subcommittee
- Discuss proposed membership to Consumer, Provider and Purchasing Councils – Dr. Nielsen
- Provide budget and performance summaries and report from KHPAB Finance Committee meeting – Scott Brunner